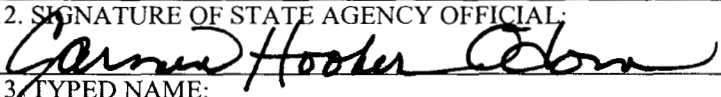



|   |  |   |                           |
|---|--|---|---------------------------|
| <b>TRANSMITTAL AND NOTICE OF APPROVAL OF<br/>STATE PLAN MATERIAL</b>  |  | 1. TRANSMITTAL NUMBER:<br><br><b>03-02</b>  | 2. STATE<br><br><b>NC</b> |
| <b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>  |  | 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE<br>SOCIAL SECURITY ACT (MEDICAID)   |                           |
| TO: REGIONAL ADMINISTRATOR<br>HEALTH CARE FINANCING ADMINISTRATION<br>DEPARTMENT OF HEALTH AND HUMAN SERVICES   |  | 4. PROPOSED EFFECTIVE DATE<br><b>February 1, 2003</b>   |                           |
| 5. TYPE OF PLAN MATERIAL (Check One):<br><br><input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT<br>COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)                           |  |   |                           |
| 6. FEDERAL STATUTE/REGULATION CITATION:<br><b>1917 (c)</b>  |  | 7. FEDERAL BUDGET IMPACT:<br><b>a. FFY 2003 (\$ 1,449,357)</b><br><b>b. FFY 2004 (\$ 1,745,280)</b>   |                           |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:<br><br><b>Supplement 9 to Attachment 2.6-A, Page 2</b><br><b>Supplement 9(a) to Attachment 2.6-A, pages 1 and 4</b>   |  | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION<br>OR ATTACHMENT (If Applicable):<br><br><b>Supplement 9 to Attachment 2.6-A, Page 2</b><br><b>Supplement 9(a) to Attachment 2.6-A, pages 1 and 4</b> |                           |
| 10. SUBJECT OF AMENDMENT:<br><b>Transfer of assets sanctions for non-institutionalized Aged, Blind, Disabled, and Qualified Medicare<br/>Beneficiaries receiving in-home health services and supplies.</b>  |  |   |                           |
| 11. GOVERNOR'S REVIEW (Check One):<br><br><input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Not Required<br><input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED<br><input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL |  |   |                           |
| 12. SIGNATURE OF STATE AGENCY OFFICIAL:<br>   |  | 16. RETURN TO:<br><br>Office of the Secretary<br>Department of Health and Human Services<br>2001 Mail Service Center<br>Raleigh, North Carolina 27699-2001  |                           |
| 13. TYPED NAME:<br><b>Carmen Hooker Odom</b>  |  |   |                           |
| 14. TITLE:<br><b>Secretary</b>  |  |   |                           |
| 15. DATE SUBMITTED:<br><b>3/27/03</b>   |  |   |                           |
| <b>FOR REGIONAL OFFICE USE ONLY</b>   |  |   |                           |
| 17. DATE RECEIVED:<br><b>March 27, 2003</b>   |  | 18. DATE APPROVED:<br><b>May 22, 2003</b>   |                           |
| <b>PLAN APPROVED - ONE COPY ATTACHED</b>  |  |   |                           |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL:<br><b>February 1, 2003</b>   |  | 20. SIGNATURE OF REGIONAL OFFICIAL:<br>   |                           |
| 21. TYPED NAME:<br><b>Rhonda R. Cottrell</b>  |  | 22. TITLE: <b>Associate Regional Administrator</b><br><b>Division of Medicaid &amp; Children's Health</b>   |                           |
| 23. REMARKS:  |  |   |                           |

Revision: HCFA-PM-85-3 (BERC)  
FEBRUARY 1985

SUPPLEMENT 9 TO ATTACHMENT 2.6-A  
Page 2

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: North Carolina

- B. An institutionalized individual who (or whose spouse) transfers resources for less than the fair market value shall not be found ineligible for nursing facility services, for a level of care in a medical institution equivalent to that of a nursing facility services, or for home and community-based services where the State determines that denial of eligibility would work undue hardship under the provision of Section 1917 (c) (2) (D) of the Social Security Act.
- C. A non-institutionalized individual who (or whose spouse) transfers resources for less than the fair market value shall not be found ineligible for in-home health services and supplies where the State determines that denial of eligibility would work undue hardship under the provision of Section 1917(c) (2) (D) of the Social Security Act.

TN No. 03-02  
Supersedes  
TN No. 91-18

Approval Date 05/22/03

Effective Date 2-1-03

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: North Carolina

TRANSFER OF ASSETS

1917(c) The agency provides for the denial of certain Medicaid services by reason of disposal of assets for less than fair market value.

1. Institutionalized individuals may be denied certain Medicaid services upon disposing of assets for less than fair market value on or after the look-back date.

The agency withholds payment to institutionalized individuals for the following services:

Payments based on a level of care in a nursing facility;

Payments based on a nursing facility level of care in a medical institution;

Home and community-based services under a 1915 waiver.

2. Non-institutionalized individuals:

- X The agency applies these provisions to the following non-institutionalized eligibility groups. These groups can be no more restrictive than those set forth in section 1905 (a) of the Social Security Act:

Aged, Blind, Disabled (categorically needy and medically needy) (42 CFR 435.120) and Qualified Medicare Beneficiaries described in 1905(p)(1). It does not apply to optional State Supplements (42 CFR 435.130).

The agency withholds payment to non-institutionalized individuals for the following services:

- X Home health services (section 1905(a)(7));

Home and community care for functionally disabled and elderly adults (section 1905(a)(22));

- X Personal care services furnished to individuals who are not inpatients in certain medical institutions, as recognized under agency law and specified in section 1905(a)(24).

The following other long-term care services for which medical assistance is otherwise under the agency plan:

State: North Carolina

TRANSFER ASSETS

3. Penalty periods - transfer by a spouse that results in a penalty period for the individual-

- (a) The agency apportions any existing penalty period between the spouses using the method outline below, provided the spouse is eligible for Medicaid. A penalty can be assessed against the spouse, and some portion of the penalty against the individual remains.

When both spouses are institutionalized the penalty period is divided equally between the spouses.

When both spouses are non-institutionalized the penalty period is divided equally between the spouses.

- (b) If one spouse is no longer subject to a penalty, the remaining penalty period must be served by the remaining spouse.

4. Treatment of income as an asset--When income has been transferred as a lump sum, the agency will calculate the penalty period on the lump sum value.

       The agency will impose partial month penalty periods.

When a stream of income or the right to a stream of income has been transferred, the agency will impose a penalty period for each income payment.

       For transfers of individual income payments, the agency will impose partial month penalty periods.

       For transfers of the right to an income stream, the agency will use the actuarial value of all payments transferred.

  X   The agency uses an alternate method to calculate penalty periods, as described below:

The agency adds each income payment and imposes a full month penalty the first day of the month in which income transferred equals the average monthly cost of nursing facility services.

Revision: HCFA-PM-85-3 (BERC)  
FEBRUARY 1985

SUPPLEMENT 9 TO ATTACHMENT 2.6-A  
Page 2

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: North Carolina

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- C. A non-institutionalized individual who (or whose spouse) transfers resources for less than the fair market value shall not be found ineligible for in-home health services and supplies where the State determines that denial of eligibility would work undue hardship under the provision of Section 1917(c) (2) (D) of the Social Security Act.

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